G. R. S. 59]

GENERAL AND REVENUE SECRETARIAT.

1900 11

(Mm. Board)

File No. 24

Serial Nos. 37 — 50

Papers Filed.

Month April 1911

SUBJECT

Bowringpet Kolar Railway

PREVIOUS REFERENCES.

LATER REFERENCES.

L. B. 358-10

L 3847 1911 1041

G.R.S. 11] 190

GENERAL AND REVENUE SECRETARIAT.

NOTES.

File No. 24

FILE HEADING.

Construction of the Kolar Boring Pet Railway

From

No. Dated Received

Diary No. Enclos Spare Copies Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

GPB—15,000—24-4-09.

346
30/1/11

Lr. nos 166/65 Col Sec no 24 — 29

The Dewan desires to see any papers that may be had regarding the levy of railway cess by District Boards in British India.

He also wishes to see again a recent article in the Hindu regarding a proposal of the S. I. R'y Co. to alter the terms of working District Board railways in the Madras Presy. At present it seems that a fixed amount (or proportion of the receipts) is paid to the R'y Co & the Co wants that they should get the entire receipts less a fixed payment to the District Board

Sec
18.1

See y)

Br IV.

2. Are any papers available in P.R.s
If not ascertain if Rly Secrett has got any
or can get them from Madras -

US
23/1/11

3 The papers referred to above are not available in the G.R.S. This may therefore be sent to the Rly Secy for favor of note as to whether any such papers are available there.

Yes.
26.1.11 Sec

OS 1 vw
26/1

Rly Secy
24/1/11

5. To the Rly Secy for kindly furnishing the required "information"

Railway Secretariat.

Mins. 166

LOS File No. 240 of 19/0

(2)

Serial No.

No 354/S-1.

W 1/2/11 H Brix 3/2/11

6. No papers are available in this Secretariat. The Residency will have to be addressed to procure them from the Madras Government.

K B Rowlands
Secretary for Railways,
Government of Mysore.

Bangalore,
30th January 1911

7. Submitted for orders.

Rbx 2/2/11

8. Where is the issue of the Hindu which the Dewan wishes to see?

3. 2-11 Ille

B.V. 3/2/11

Sub

9. The Hindu of 11.1.11 is put up for reference. It contains the article referred to above.

Returned to the Dewan's Office
K.R.
29.7.11.

PRV
9.2.11

Submitted
Rbx 9/2/11 H.Secy) 9.2.11 Ille

12. Peruse draft to Resr & kindly obtain papers about the levy of Rly cess by Bds & the present rule about working such Rlys.

VN 30/7/11

GPB—500—28-10-10

R.S. 12]
neral and Revenue
Secretariat.

File No. 240 of 1910

mms 1/7 60/0

(3)

Serial No.

13. Draft put up

BVN sng Secy) 11-2-11 Mlle

(19) 10/2/11

Issue

CM

14/2/11

Mlle
14-2-11

15

2 To the 1st Assistant to the Hon'ble the Resident in Mysore. No 765 & 17-2-1911.

Requests him to obtain for the Durbar copies of papers relating to the levy of railway cess by District Boards in British India and the present rules about the working of such railways and particularly the railways in the Madras Presidency

16

3 From the 1st Asst to the Hon'ble the Resident in Mysore. No 1827 & 24-3-1911.

Forwards copies of papers relating to the levy of railway cess by District Boards in Bengal and states that no special cess has been levied by the District Boards in the Province of Bengal for the construction of railways.

Submitted for orders.

BVN (19) sng Secy) 28-3-11 Mlle

25/3/11 18) Wait for the Madras papers

CM
29/3/11

Mlle 29-3-

NOTE—Contn. sheet.

A.S 50/30/0

GPB—50,000—12-8-10

G. R. S. 12]
General and Revenue Secretariat.

CS File No. 240 of 1910

Serial No.	
4	19) From the First assistant to the Hon'ble the Resident in Mysore No. 2135 d 6.4.11 (D 6403) Forwards papers received from the Govt of Madras regarding the levy of railway cess by Dt Boards in the Madras Presidency.
	20) Submitted for orders. TS 69 Org Secy) 8-4-11 Ille 8/4/11
	21) Write to the Resr thanking for the trouble taken & then submit the papers to Sir T Devan for perusal. CSB 8/4/11
	22) Draft submitted TS 69 Org Issue 10/4/11 10.4.11 Ille
5	23) From the First assistant to the Hon'ble the Resident in Mysore No. 2163 d 10.4.11 (D 6468). States that there are no railways maintained by Dt Boards in Eastern Bengal & Assam nor is any railway cess levied by such bodies.
	24) The no. & date of the present

NOTE— Contn. sheet.

GPB—50,000—12-8-10

bn 6-8 J.W

G. R. S.
General and Revenue Secretariat.

LB File No. 240 of 1910

Serial No.

Communication has been embodied in the draft to the Residency with the permission of the Asst Secy.
Ps 69
14/4/11

6 25) To the first assistant to the Tribe the Resident in Mysore vide Pol 917 d 13.4.11 conveys the thanks of the Durbar for the trouble taken in obtaining the information.

26) Submitted for ~~orders~~ perusal
Ps 69 and 18 (Cr & Dewan) 13.4.11 MM
13/4/11

2705
15-4-11

27 Seen MM
15/4/11
MM 15-4-11

11081
15.4.11

28 Seen
Please issue D.O. Confidential.

29 And file carefully somewhere so that the papers may be available when again required (as pointed out by Mr Kelly)
15/Feby 11
MM

30 Submitted
2nd Cr 18.5.11 MM

31 Seen
20/5/11 MM 20.5.11 MM
File

NOTE— Contn. sheet.

GPB—50,000—12-8-10

G.R.S. 26]

File No.

Serial No.

*Diary No. of letter replied to*_____

Pol. No. 765

General and Revenue Secretariat
(Municipal)
, *the* 19

Date of issue 17-2-1914

Signed by
M R S Balasundaram

To
The 1st Assistant to the
Hon'ble the Resident in Mysore.

Sir,

I am directed to request you to be so good as to move the Hon'ble the Resident to obtain for the Durbar copies of papers relating to the levy of Railway cess by District Boards in British India and the present rules about the working of such railways and particularly the railways in the Madras Presidency.

I have, &c.,

Asst Offg Secy to Govt.,
Genl & Rev: Dept.

over.

SUBJECT.

Cotton 16/11

IV 24-3-11 No. 1824

Pol. 1885 D 24-3-11. 2

FROM

P. B. WARBURTON, ESQ., I. C. S.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

L.B. 240-10-3

The Dewan of Mysore.

Dated Bangalore, 24th March 1911.

SIR,

With reference to Mr. Balasundaram Iyer's letter No.755, dated the 17th February 1911, I am directed to forward herewith, the marginally-noted papers received from the Government of Bengal, relating to the levy of Railway Cess by District Boards in British India and to state that no special cess has been levied by the District Boards in the Province of Bengal for the construction of railways.

I have the honour to be,

Sir,

Your most obedient servant,

First Assistant Resident.

*1. Letter No.21-R.P., dated 5th February 1902 from the Government of India, P.W.D., and its enclosures (paras. 7 and 8 of the note).
2. Letter No.351-R., dated 3rd March 1903, from the Govt. of Bengal, to the Govt. of India, P.W.D. (para 7 of the letter).
3. Letter No.91-R.P., dated 2nd July 1904, from the Govt. of India, P.W.D., to the Govt. of Bengal, P.W.D., and its enclosures.

K.M.
23.3.11.

Quetta CS 240-28

3

No. 21 R. P.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY PROJECTS.

To

THE SECRETARIES TO THE GOVERNMENTS OF BOMBAY AND BURMA, PUBLIC WORKS DEPARTMENT, RAILWAY BRANCH.

THE SECRETARIES TO THE GOVERNMENTS OF BENGAL, THE NORTH-WESTERN PROVINCES AND OUDH AND THE PUNJAB, PUBLIC WORKS DEPARTMENT.

THE HONOURABLE THE CHIEF COMMISSIONERS OF THE CENTRAL PROVINCES AND ASSAM.

THE HONOURABLE THE RESIDENT AT HYDERABAD.

THE HONOURABLE THE RESIDENT IN MYSORE.

THE HONOURABLE THE AGENT TO THE GOVERNOR GENERAL AND CHIEF COMMISSIONER OF THE NORTH-WEST FRONTIER PROVINCE.

THE HONOURABLE THE AGENTS TO THE GOVERNOR GENERAL FOR RAJPUTANA, CENTRAL INDIA AND BALUCHISTAN.

THE CONSULTING ENGINEERS TO THE GOVERNMENT OF INDIA FOR RAILWAYS, CALCUTTA, LUCKNOW AND ASSAM.

THE MANAGERS, NORTH WESTERN, OUDH AND ROHILKHAND, AND EASTERN BENGAL (STATE) RAILWAYS.

Calcutta, the 5th February 1902.

SIR,

I am directed to forward, for information, a copy of a note on the subject of the provision of branch or feeder lines in India by "Private enterprise" outside the Government of India programme of railway construction, and to state that the Government of India will be glad to consider any suggestions on the subject, and to receive proposals which will permit of the construction of such lines of railway on the basis of the general conditions outlined in the note.

I have the honour to be,

SIR,

Your most obedient Servant,

NEVILLE PRIESTLEY,
Offg. Under Secretary.

Document accompanying.
Note referred to.

G. I. C. P. O.—No. 1085 P. W. D.—6-2-1902.—495 -N. C. D.

Enclosure to Government of India letter No. 21 R. P., dated 5th February 1902.

NOTE ON THE FINANCING OF BRANCH LINES OF RAILWAY.

There have recently been many proposals before the Government of India for the construction of branch lines of railway by what is known as "Private enterprise." In most of the schemes submitted one of the conditions usually demanded by the Promoters is that a certain minimum rate of interest shall be guaranteed to the shareholders. A guarantee of interest, whether directly by Government or indirectly by one of the working railway agencies, brings the scheme within what is known as the "Railway programme," and thus it has to take its chance in the struggle for a share of the Programme allotment with all other schemes requiring a Government guarantee.

2. As can be readily conceived, the demands on the "Railway Programme" are always greatly in excess of the amount, however large, which is therein allotted for railway expenditure. From the sum available, funds for the necessary improvement of existing railways must in the first place be provided, and with the steady development which is taking place in them, the amount thus required is considerable. Next, money has to be provided for continuing work on railways already under construction. The residue is available for new lines.

3. In the year 1901-1902, the total amount allotted to the "Railway Programme" was Rs. 10,32,44,000, which was distributed as follows :—

	Rs.
For expenditure on existing railways	4,59,97,000
" " " lines under construction	4,59,47,000
" " " new lines	1,13,00,000
TOTAL	10,32,44,000

It will be seen that with the large number of railways of Imperial importance still remaining to be constructed, there is little room for the provision of funds for small branch lines, out of a total allotment of only 113 lakhs of rupees for new lines. So long, therefore, as Promoters demand a guarantee (and there seems to be a strong disinclination on the part of the investing public to place their money in unguaranteed Indian railway schemes), and while the demands for lines of Imperial importance continue, there are small prospects of lines of only local importance finding a place in the "Railway Programme."

4. The importance of these branches, both to the country and to the railways with which they will connect, is nevertheless fully recognised, and much consideration has been given to the problem of how they may be provided outside the programme.

5. The point to which most consideration appears to have been given in all schemes for branch lines has been whether the branch would justify its construction by what it would earn *for itself*, and attention appears to have been only incidentally directed to the benefits which the main line would derive from its construction. Recognising how great the importance was of these branch lines to the main line, the Government of India in their Resolution No. 514 R. C., dated 17th April 1896, authorised the main line paying a rebate to the branch line of the full amount of the net earnings derived by the former from traffic interchanged with the latter, so as to help the branch to make up with its own earnings a dividend of 3½ per cent. on its capital. But the effects of this concession would to some extent be neutralised if the charges made by main lines for working the branches were pitched too high. It is only necessary to examine the accounts of any branch line which has been constructed to see that not only has the main line not suffered either at its junction or on the main line, but that the traffic brought to it by the construction of the branch would have justified its undertaking to work the branch for nothing rather than not have had it constructed. The addition of a short branch to the main line adds bare out-of-pocket expenses only to the working charges of the latter, and it would materially assist the construction of these branches, if the main lines not only allowed rebates on interchanged traffic, but gave liberal concessions, in the matter of working expenses.

6. But however liberal the terms offered may be, there still remains the difficulty of financing these branches without a guarantee. It is not necessary here to consider why there should be so much hesitation in investing money in railway projects. The fact remains that unguaranteed schemes are in little favour and that it is almost impossible to raise the money for an Indian line of railway without a Government guarantee. It has already been shewn that this guarantee cannot always be given by the Imperial Government, because their hands are full of projects of Imperial importance, but there is no reason why a sufficiently good guarantee should not be given by the Local authorities through whose areas the line will run.

7. In their Resolution No. 3210 A., dated the 22nd July 1898, the Government of India in the Finance and Commerce Department explained to what extent the powers of taxation conferred upon Local Boards could be used for the furtherance of railway schemes. Where a margin exists between the amount actually raised for necessary expenditure and the amount which Local Boards have power to levy, the Local Boards can have no financial difficulty in guaranteeing railway lines to the extent of the margin. But where a Local Board is already spending to the full extent of its taxing powers and the margin is insufficient to guarantee interest on the capital of the railway required, the case is different.

8. To overcome the difficulty in the latter case, the Madras Government, with the concurrence of the Government of India, have recently by legislation authorised Local Boards to levy over and above the ordinary cess a special cess of 3 pies in the rupee on the assessment or the annual rent value of all occupied lands, on the understanding that the money thus raised will be utilised solely for the construction of tramways or railways. It would probably be to the advantage of other Local Governments to obtain sanction to enable similar taxation to be imposed, when necessary and advisable, in other parts of India where development is hindered through want of proper communications and of transport facilities.

Madras Local Boards Act VI of 1900.

9. There are few districts in India which would not be the better for more railway communications than they now possess, and in many of them schemes for a connection between important towns and the main line of railway have been languishing for years. In regard to all such projects the first question for the Local authority to determine is whether the margin of taxation remaining, or whether such margin, together with the special cess referred to in paragraph 8, will be sufficient to cover the full guarantee on the capital necessary to construct the railway. If it is sufficient, the next questions for consideration are: (*a*) what kind of railway shall be made; (*b*) by what agency shall the capital be raised; (*c*) by what agency shall the railway be made; and (*d*) by what agency and on what terms shall the railway be worked when made.

10. Question (*b*), namely, by what agency shall the capital be raised, that is, whether it shall be raised by a loan, or whether the interest only on the capital shall be guaranteed to a company promoted by some firm of recognised standing or by the railway company working the main line, is a matter which must be influenced by the financial credit of the Local Board at the time. If either of the latter agencies is employed, it will generally be possible, in return for the guarantee, to specify that surplus profits over an agreed percentage shall be divided between the Company and the Local authority not only until arrears of guarantee have been made good, but during the whole currency of the contract, and in this manner the Local authority will be able to obtain an asset which will be available for the guaranteeing of other railways. In regard to the former method, it may be mentioned that in Madras an attempt recently made by District Board to raise a loan for a railway project did not meet with success, while in Bengal there has been no difficulty in finding firms of repute to raise the necessary capital on the guarantee of the District Board. Whichever method it may ultimately be decided to recommend the adoption of in the case of any particular scheme, it will need to be carefully scrutinised, as the failure of such projects after sanction has been given to them is very undesirable, not only because of the financial responsibility resulting to Government, but also because each failure is a serious impediment to new investors whom it is the policy of Government to encourage.

11. In regard to (*c*), namely, by what agency shall the railway be made, it will generally be found most satisfactory to employ the agency to make the line which will subsequently have to work it.

12. In regard to (*d*), namely, by what agency and on what terms shall the railway be worked when made, there can be little question, especially in the case of short branches, that the most satisfactory and economical results will generally be obtained by having the branch worked by the main line agency. This is specially the case when the main line is allowing a rebate on interchanged traffic. The cost of working should as a rule be represented only by the main line's actual out-of-pocket expenses, and should be subject to a fixed maximum percentage of the gross earnings.

13. In regard to (*a*), namely, what kind of railway shall be made, the decision will depend largely on what kind of railway the traffic of the district to be served needs and the finances of the district can afford. If the branch line is to connect with a large town which is already connected with the railway by a good road, and there already exist reasonably satisfactory transport facilities, a better class of railway may be necessary to compete successfully with existing transport.

14. The proposals submitted in connection with branch lines occasionally provide for a railway of a standard which is quite out of keeping with the necessities of the district, and it is the construction of such railways equipped with all the most modern conveniences which makes the liability on account of interest excessive, and which causes the rejection of many schemes that could well have been adopted if they had only been projected on less ambitious lines.

15. If a less ambitious policy were generally adopted, it would, it is hoped, lead to the provision of many branch lines which otherwise will have to be indefinitely postponed. The provision of these railways must have the effect, possibly, of improving the revenues of the Local authorities, and certainly of saving expenditure on the upkeep of roads; and, if only the

routes be carefully selected, the lines should not only prove no burden to the Local authorities but should soon be a source of income to them.

16. In the preceding paragraphs nothing has been said as to how Local authorities should proceed to get their projects taken up. If their desire to find promoters be made known, firms of standing may be expected to come forward with offers to raise a company. But it might generally be to the advantage of the Local Board to negotiate with the agency working the main line, who would have less difficulty in forming a company and in raising the necessary capital than firms not already engaged in railway promotion. In the case of branch lines connecting with State worked railways, there are generally some promoters who have already undertaken railway schemes and would no doubt be willing to undertake others. Lines thus projected would come outside the Railway Programme, and the only limit on their construction would be the financial condition of the market and the amount of money in the hands of the public that is available for investment.

Enclosure No. 2 to 3

No. 351R.

Government of Bengal.

PUBLIC WORKS DEPARTMENT.

RAILWAY.

FROM W. A. INGLIS, ESQ.,

Offg. Secretary to the Government of Bengal,

TO THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT (RAILWAYS).

Dated Calcutta, the 3rd March 1903.

I AM directed to submit the following observations with reference to letter No. 21R.P., dated the 5th February 1902, from the Government of India, with which was received a copy of a note on the subject of the provision of branch or feeder lines in India by "private enterprise" outside the Government of India programme of railway construction.

2. The Bengal Chamber of Commerce, the Bengal National Chamber of Commerce, the leading mercantile firms interested in such schemes, and all the Commissioners of Divisions in the Province have been consulted. Copies of their replies are attached.

3. Before proceeding to consider the suggestions and comments contained in these letters, it will be convenient to pass in brief review the schemes for branch lines or for independent light lines which have so far been constructed in this Province by what may be termed "aided private enterprise." Taking these lines in the order in which they appear in Appendix 7 of the Administration Report on the Railways in India for the year 1901, we have—

(1) *The Tarkeswar Railway (Seoraphuli to Tarkeswar, 22·23 miles), opened 1st January 1885.*—For the year 1901 the net revenue gave a return of 8·81 per cent. on a capital of Rs. 17,92,293. This is a broad-gauge line worked for the owning Company by the East Indian Railway. The land was provided by Government free of cost. The working expenses are taken at the same percentage of gross earnings as obtains on the East Indian Railway system as a whole. The East Indian Railway charges 5 per cent. on the gross earnings as hire of rolling stock. A contribution is paid to the East Indian Railway Provident Fund. One-fifth of the net revenue is paid to the East Indian Railway and four-fifths to the Tarkeswar Railway Company. The Secretary of State has the power to determine the contract after the Railway has been opened for 30 years. In such an event the Company are to receive a sum equal to the aggregate net profits during the 20 years preceding. This line has paid well since it was opened.

(2) *Brahmaputra-Sultanpur Railway (Santahari to Fulchari, 59·19 miles), opened partly in April 1899 and completely in September 1900.*—For the year 1901 the net earnings yielded 3·83 per cent. on a capital of Rs. 28,37,619. This is a metre-gauge line in the Bogra district worked for the owning Company by the Eastern Bengal State Railway. Land was provided by Government free of cost. The charge made for working is 45 per cent. of the gross earnings. Government may determine the contract on

31st December 1919, or at the end of subsequent periods of ten years, by payment of a sum equal to 25 times the average yearly net earnings during the five years prior to determination, subject to the proviso that the sum paid shall not be less than the total capital expenditure, and shall not exceed that expenditure by more than 20 per cent.

(3) *Mymensingh-Jamalpur-Jagannathganj Railway (53·37 miles) in the Mymensingh District.*—This was opened partly in October 1898 and completely in October 1899. For the year 1901, the net revenue yielded 4·43 per cent. on a capital of Rs. 20,84,346. It is a metre-gauge line belonging to the India General Navigation and Railway Company, and is worked for the owning Company by the Eastern Bengal State Railway in return for 45 per cent. of the gross earnings. Land was provided by Government free of charge. There is a provision for a rebate on traffic interchanged with the Eastern Bengal State Railway within certain limits should the net earnings for the year be less than $3\frac{1}{2}$ per cent. on the actual capital expenditure.

The contract is determinable by Government on the same conditions as in the case of the Brahmaputra-Sultanpur Railway.

(4) *Deoghur Railway in the Sonthal Parganas (Baidyanath to Deoghur, 4·79 miles), opened in 1884.*—For the year 1901, the net revenue yielded 6·53 per cent. on a capital of Rs. 2,85,265. The returns from this small line have varied greatly. In 1893 they gave 6·65 per cent., while in the three years 1898 to 1900 they only gave 2·28, 2·32, 2·56 per cent., respectively. It is a metre-gauge line worked by the owning Company whose Managing Agents are Messrs. Burn and Company. Land was provided free of cost by Government. Government may determine the contract after the Railway has been open for 30 years and take over the railway at a valuation based on the average market rate of the shares during the previous three years with a bonus not exceeding 20 per cent. on such value.

(5) *Sagauli-Raxaul Railway in the Champaran District (18·09 miles).*—Opened in March 1899, but it has not yet been fully completed. For the year 1901 the net revenue yielded 1·27 per cent. on a capital of Rs. 10,67,014. It is a metre-gauge line worked for the owning Company by the Bengal and North-Western Railway. Pending the completion of the line, 40 per cent. on gross earnings is charged for working and the cost of maintenance is met by the owning Company. Land was provided by Government free of charge. Government can determine the contract on 31st December 1917, or at subsequent periods of 10 years paying 25 times the average net earnings for the three years preceding.

(6) *Tarkeswar-Magra (Bengal Provincial Railway, 31·12 miles) in Hooghly, opened in 1894.*—For the year 1901 the net revenue yielded 2·04 per cent. on a capital of Rs. 9,72,175. The gauge is 2′ 6″. The line is worked by the owners. The land was paid for by the Company, and no concession or assistance of any kind was given. The District Board of Hooghly have a power under the Bengal Tramways Act of purchasing at the end of 21 years in which event the price to be paid would have to be two-fifths in excess of the original capital outlay.

(7) *Ranaghat-Krishnagar Light Railway in the Nadia district (right bank of the Churni river to Krishnagar, 20·25 miles), opened in April 1899.*—For the year 1901 the net earnings (excluding the subsidy payable by the District Board) yielded 2·02 per cent. on a capital of Rs. 7,51,157. The gauge is 2′ 6″. The line runs partly on an old embankment, the property of Government, and partly on a district road, the use of which in either case was given free of charge. The District Board undertakes to make up the net earnings to Rs. 1,473 per mile per annum on open mileage subject to the limit of Rs. 28,000 in all. Profits of over 4 per cent. and less than 8 per cent. are to be shared equally between the Comany and the District Board. Should the profits exceed 8 per cent., Government as well as the District Board is entitled to a share in the surplus. The line was constructed and is worked by Messrs. Martin and Company as Managing Agents for the owning Company. The District Board have power to determine the agreement after 21 years on payment of 20 years' purchase of the average annual net profits to the Company during the five years preceding, together with a bonus of 20 per cent. on such amount.

(8) *Howrah-Amta Light Railway (28·69 miles) in the Howrah district, opened partly in July 1897 and completely in June 1898.*—For the year 1901 the

net revenue yielded 9·53 per cent. on a capital of Rs. 11,96,697. It is of 2′ 0″ gauge. The line runs on a district road the use of which was given free subject to certain conditions as to width to be left available for road traffic. It was constructed and is maintained by Messrs. Martin and Company as Managing Agents for the owning Company. The District Board undertakes to make up, when necessary, the net earnings to Rs. 1,100 per mile per annum of open line subject to a maximum annual sum of Rs. 28,000. On the other hand, the Distrct Board shares equally with the Company in profits which are in excess of 4 per cent. on the capital for the time being. Should the District Board desire to buy out the Company under the terms of the Tramways Act, it will have to purchase the concern as a dividend-earning investment with a bonus of 20 per cent, payable in addition.

(9) *Howrah-Sheakhalla Light Railway in the Howrah district (19·75 miles), opened in the Autumn of 1897.*—For the year 1901 the net revenue yielded 3·8 per cent. on a capital of Rs. 6,09,446. The line is of 2′ 0″ gauge. It was constructed, and is maintained by Messrs. Martin and Company for the owning Company. The District Board gave the free use of the road and undertake to make up the earnings when necessary to Rs. 950 per annum per mile of open line. In return the District Board is to share in profits which are in excess of 4 per cent. on the capital outlay for the time being to the extent of one-third. Should the District Board desire to purchase the undertaking at the end of 21 years under the provisions of the Tramways Act, it will have to pay according to a valuation of the tramway with its equipment as then constituted, together with a bonus of 15 cent. on such valuation.

(10) In addition to the above, two projects of a similar nature are at present under construction, viz., *the Noakhali (Laksam to Ichakhali) Railway* and *the Bukhtiarpur-Bihar Light Railway* in the Patna district. The former is being made by the Assam-Bengal Railway Company for the Noakhali Railway Company under an agreement made with the Secretary of State. Land is provided free of charge, and net earnings are guaranteed by means of a rebate on traffic interchanged up to a sum of Rs. 30,000 in any half-year. The line is to be worked by the Assam-Bengal Railway, who will charge Rs. 25 per mile per week when the line is to be maintained by the Noakhali Company, and Rs. 35 per mile per week when it is to be maintained by the Assam-Bengal Railway. The Buktiarpur-Bihar line is being made under the Tramways Act. The District Board are giving the use of the road, and have undertaken to supplement the net earnings within a limit of Rs. 32,000 a year so as to ensure a dividend of 4 per cent. on a capital of Rs. 8,00,000. The District Board is to share equally with the Company in profits which are in excess of 4 per cent. The District Board have the right to purchase after 21 years on payment of 20 years' purchase of the average net profits during the period of four years preceding the purchase, together with a bonus of 20 per cent.

4. It will be noticed from the above that in only one instance, viz., the Tarkeswar-Magra, has the line been made without any assistance. In four cases, viz., the Takeswar, the Brahmaputra-Sultanpur, the Deoghur, and the Sagauli-Raxaul, the land required has been given free, but there is no guarantee or subsidy. In the remaining cases a certain return is secured to the share-holders by means either of a grant-in-aid from District funds or by a rebate from the main line.

5. Turning now to the points discussed in the note and taking them in order, the first is that stated in paragraph 3 that, "there seems to be a strong disinclination on the part of the investing public to place their money in unguaranteed Indian Railway Scheme."

It has been shown above that there are in Bengal at present five schemes which have been made without any guarantee of a minimum rate of dividend, or of a fixed return to the investor. Of those, one, the Tarkeswar Railway, has been quite successful; another, the Brahmaputra-Sultanpur Railway, promises to give a fair return; a third, the Deoghur Railway, has given fluctuating returns; while the other two, viz., the Sagauli-Raxaul and the Tarkeswar-Magra, have been financial failures.

The present is perhaps not quite the occasion for a discussion of the general question as to whether it is sound policy to foster a system of small railways by means of guaranteed dividends or by subsidies. On the one side

there is the argument advanced by Mr. Hare, the Commissioner of Patna, who is opposed to a guarantee, that, "the best security for the selection of a good line and for economical construction and management is in the necessity of its paying its way." It may also be fairly argued that if a scheme is sound in itself, it does not require a guarantee, while, on the other hand, if it is not sound, a guarantee should not be given, unless the line is required for some special reason which would justify a grant-in-aid from the general revenues.

On the other hand, an argument in favour of a guarantee has been advanced by Messrs. Hoare Miller & Co., who write as follows:—

"But the fact of a guarantee being obtainable from a District Board will also be valuable, apart from the financial strength of the District Board giving the guarantee. There has been great difficulty, as the Government of India point out, in obtaining capital for Indian Railways without a guarantee, partly because of a widespread belief, not without foundation, that the proprietors of a railway constructed entirely by private enterprise, and without a guarantee, have no security that their traffic will not be tapped and drawn away by some new line, as soon as they have succeeded in developing the traffic to an extent that demonstrates the probable success of a competing line.

"It is accordingly believed that it is necessary to involve Government in some way in the success or failure of a line, in order to obtain some security for the property, and the simplest way in which this can be done is to get the Government to guarantee a minimum rate of interest."

There is no doubt that this question of interference with what may be called the vested interests of small railways is one which will give trouble from time to time. At present, in Bengal, the light railway from Ranaghat to Krishnagar is about to be superseded by a more direct broad-gauge line, and it seems probable that the Tarkeswar and the Tarkeswar-Magra lines will be adversely affected by the contemplated Bankura-Calcutta chord line. It is therefore natural that investors should have more confidence in the permanence of a scheme in which Government is directly interested whether as a share-holder or as being liable for a certain guaranteed minimum rate of interest.

The question of the extent to which the owners of a railway have a claim to be protected from interference by new lines, or to be compensated when such interference is required in the interests of the general community, is one which raises very wide issues and which need not be further noticed here. It may be admitted that, provided there is a reliable check on the estimates of cost and on the assumptions of the revenue expected from schemes for small railways, there is no harm in guarantees of a minimum rate of dividend being given by Local Authorities or by the parent railway which the branch is to feed.

6. In paragraph 5 of the note the terms which a parent line may give to a branch line acting as a feeder are considered. Messrs. Gillanders, Arbuthnot and Company have stated that they consider that the present branch line terms offered by the Government of India are inadequate. They suggest that the working agency should be content with a working charge of 40 per cent., and that profits on the branch should not be divided between the branch and the main line till at least 4 per cent. has been paid on the capital invested in the branch. Messrs. Ewing and Company also ask for liberal terms from the main lines. This is not a question on which this Government can usefully express any definite opinion. Conditions vary greatly, and each case can only be properly dealt with by the administration of the main line. It is clear that in some cases where the branch might bring new traffic which would pass over a considerable length of the main line, it might be worth while for the main line to give very liberal terms, though of course in such a case it would be better for the main line to make the branch on its own account. In other cases in which the branch line may only bring traffic, some of which had previously come to the main line by road or water, it is clear that the main line derives much less benefit, and that the branch must be considered chiefly on its own merits, rather than as a feeder. The following extract from a letter No. 755D.G.R., dated the 18th October 1900, written by Mr. Lightfoot, Officiating Manager, Eastern Bengal State Railway, to the Director of Railway Construction, when sending reports on surveys for certain proposed branches to the Dacca-Mymensingh line, is to the point:—

"It is also questionable whether branch line terms are profitable in short projects, which often merely bring traffic by rail which formerly found its way to the main line by native boats or other means of local transport."

It would, in my opinion, be a much more profitable arrangement for the Eastern Bengal State Railway to guarantee a reasonable interest on a bridge or wagon ferry at Sara, which is absolutely necessary, than to give branch lines terms which are practically guarantees in an indirect form to petty projects which are not indispensable.'

7. The next point for consideration is whether it is necessary or desirable that the Local Authorities (District Boards) should be given power by legislation to impose a special cess which should be available as a separate income to be used when required for the purpose of meeting any deficiencies in the revenues of railways which they might have guaranteed.

The Bengal Chamber of Commerce and the European mercantile firms are, as is only natural, in favour of such a measure. The Bengal National Chamber of Commerce, which represents the native merchants, and the Commissioners of Divisions are opposed to it. Several Commissioners have pointed out that under the conditions which at present obtain, it is of greater importance to open out new roads and to improve existing roads rather than to hasten the construction of railways. I am to say that the Lieutenant-Governor is altogether opposed to the imposition of any additional cess for this purpose, and considers that in almost all the districts of this Province money is required at present rather for roads than for light railways. At the same time I am to observe that His Honour approves of District Boards guaranteeing a minimum rate of dividend for well-considered projects, with the view of rendering them more popular with the investing public, and I am to say that this can be done under section 82 of the existing Local Self-Government Act, III (B.C.) of 1885. In this connection I am to ask that a reference may be made to letter No. 2285L.S.G., dated the 7th April 1898, from the Secretary to the Government of Bengal, Municipal Department, to the Secretary to the Government of India, Finance and Commerce Department.

8. As regards the confidence of the public in the guarantee of a District Board, the Chamber of Commerce and several of the mercantile firms have expressed the opinion that the guarantee of the Local Government would be more acceptable than that of the District Board. The National Chamber of Commerce write that they consider that all railways should be treated as State concerns, and that any guarantee that might be required to stimulate private enterprise in the direction of feeder lines might appropriately be given by the State. Those who employ these arguments would appear rather to lose sight of the fact that District Boards are a part of the administration of the State, and that their use of the funds entrusted to their charge is controlled by the Local Government. I am to say, therefore, that Mr. Bourdillon considers that when a light railway is really wanted, the money for constructing and working it will usually be forthcoming on the guarantee of a District Board, and that all that seems to be necessary is to explain to the public the position which the District Board holds with respect to the Local Government.

9. The question of the terms on which District Boards should share in profits as a return for the free use of their roads and for the support which is given by their guaranteeing a certain minimum rate of dividend is one which deserves consideration. Messrs. Martin and Company write on this point:—

"We are of opinion that if the District Board gives a guarantee of 4 per cent. and shares in the profits over this to the extent of not more than one-third, firms of repute would be encouraged to come forward to finance those lines. We find that a District Board guarantee of 4 per cent. with a fixed maximum liability, and a half share in the profits over 4 per cent. is not a sufficient attraction to investors in this country."

It would perhaps put the matter on a better footing if the District Board were credited with the value which the road has as a location for the railway, and if the share of profits which the District Board should receive were to be based on the proportion of such value to the capital required to construct and equip the railway.

10. Turning to the points mentioned in paragraph 9 of the note, I am to say that while the kind of railway which should be made in any particular case must depend on various conditions, it appears that the 2′ 6″ gauge is generally the most suitable when it is practicable to locate the line on the district roads: that the Company or administration working the main line should be invited in the first instance to find the capital and to make and work the branch

that should such Company or administration decline the ivitation, the scheme should then be offered to private firms; and that it is not advisable that the Local Authority itself should take up such schemes directly whether by raising the capital or by constructing or working the line.

11. It remains to consider what should be done to avoid delay in dealing with projects for small railways. The probable cost of making and equipping the line can usually be arrived at without difficulty, as the experience gained from the lines already made can be utilized.

How to estimate the value to the proposed line of the traffic which can be looked for is more difficult. It is clearly the business of the Local Authorities to gather and record statistics regarding the traffic of all kinds which passes over the roads or waterways in any part of the country in which a scheme for a branch line or for a small independent line, such as the Howrah-Amta or Howrah-Sheakhalla, seems feasible.

The estimation of the extent to which such traffic will be likely to leave the roads or waterways for the railway and of the rates which can be charged so as to be attractive is, however, a question which the Local Authority is not fitted to deal with. This Government also has no staff accustomed to deal with such questions, and it is therefore necessary to ask for advice on this point from the Government of India.

At present there is a tendency for District Boards to spend considerable sums in having detailed plans and estimates of schemes worked out only to find subsequently that the prospects of traffic are not sufficient to warrant the required outlay. The better course would appear to be that before entering on a detailed survey the Local Authority should submit to Government its statistics of traffic with a reconnaissance plan and descriptive note of the nature of the country to be traversed by the railway, which the District Engineer could quite well furnish. If these were examined by an expert staff whether in the office of the Consulting Engineer or in the Secretariat of the Government of India, an opinion could be furnished both as to the probable cost of constructing and equipping the proposed line and as to the traffic which might be hoped for. A decision could then be given as to whether the scheme is sufficiently promising to be worth while going on with or otherwise. Before the Local Government can allow a District Board to give a guarantee, it must be satisfied that the prospects of the line are such that the District Board is not likely to be a loser, and if the advice of an officer accustomed to the study and analysis of statistics of traffic could be readily obtained, the decision on the above point could be made without delay.

12. In paragraph 15 of the note the effect of light railways in saving expenditure on the upkeep of roads is adverted to. I am to observe that too much stress should not be laid on this argument. It is not right in the interests of the cess-payers as a whole that a road on which a light railway has been made should be neglected. On parts of it traffic will be stimulated, and it is generally necessary to construct new branch roads to feed the railway. However, it will not be difficult to show what the effect of the light railways already made in this Province has been, and I am to say that this will be ascertained.

I have the honour to be,

SIR,

Your most obedient servant,

W. A. INGLIS,

Offg. Secretary.

B. S. Press.—72970—125—4-3-1903—T. N. B.

No. 91R.P., dated Simla, the 2nd July 1904.

From—Mr. C. W. Hodson, Offg. Secretary to the Government of India, Public Works Department, Railways;

To—The Secretary to the Government of Bengal, Public Works Department.

I am directed to forward, for the information of the Government of Bengal, a copy of a letter addressed to the Government of Madras, on the subject of the grant of loans to District Boards in that Presidency for the purpose of constructing railways.

In cases where a special cess is levied under section 57, clause (ii), of the Madras Local Boards Act, 1884, the Government of India have expressed their willingness to lend money to the Boards, through the Provincial Loan Account, at 4 per cent. the loan being secured by a lien on the entire resources of the Board.

2. The Government of India are now prepared to extend this offer to all District Boards which levy a special cess for the construction of railways. The loans will be granted subject to the conditions enumerated in the letter to the Government of Madras, No. 12R.P., dated the 28th January 1903; and the money will be advanced from the Provincial Loan Account. It must be clearly understood, however, that the Government of India cannot guarantee to provide funds in all cases, or to set apart any definite sum for this purpose. The total amount available in each year will be determined on a consideration of the general financial position; and this sum will be distributed by the Government of India among the various Provinces.

No. 12R.P., dated the 28th January 1903.

From—The Secretary to the Government of India, P. W. Dept., Railways,

To—The Secretary to the Government of Madras, Public Works Department, Railway Branch.

I am directed to acknowledge the receipt of your letter No. 1862Railway, dated 13th November 1902, with which you forwarded a statement showing the action taken by District Boards in the Madras Presidency for the levy of a special cess under section 57, clause (ii), of the Madras Local Boards Act, 1884, to be utilized solely in the construction of railways. I am to say that the Government of India consider the enterprise shown by the District Boards in this matter to be very commendable and to be deserving of encouragement from the Government.

2. Since many years must elapse before the proceeds of the cess will, in the majority of the cases, amount to a sufficient sum to enable the Board to commence the work of railway construction, the Government of India think that capital may suitably be borrowed for this purpose on the security of the special cess. The experience on the Tanjore District Board shows that at present very little reliance can be placed on the investing public for the supply of the necessary capital, but I am to suggest, for the consideration of His Excellency the Governor in Council, that a moderate amount of money might be advanced for this purpose from the Provincial Loan Account. In that case the security for repayment would consist not only of the proceeds of the special cess, but of the entire resources of the District Board. This security would be sufficient in most cases to justify a loan from Government, and the chief difficulty would arise in the finding of funds.

3. The Government of India are prepared to show their appreciation of the public spirit of the local tax-payers by supplying funds as far as possible for loans for railway construction, and to this end they will, if these suggestions prove acceptable to the Government of Madras, consider any proposals that may be submitted by that Government for an increase in the sum annually allotted for the Provincial Loan Account. It will be necessary in each case of such application that the scheme for the proposed railway shall have been regularly sanctioned by competent authority, and no large or definite sum can be promised for this purpose as the amount that may be available in any year will depend on the particular circumstances of the year; but the Boards might find it possible to supplement the capital that can be furnished by the Government by loans floated in the open market, and thus to expedite the work of construction and secure to the inhabitants of the district the earlier benefit of the special cess.

4. Any loans that may be made by the Government of Madras in pursuance of these suggestions would be granted under the Local Authorities Loans Act, 1879 (XI of 1879), and would be subject to the rules made under section 5 of that Act. They would not in ordinary cases have a currency of more than 30 years, and should, preferably, be repayable in a series of half-yearly "equalised" instalments dating from the end of the half-year in which the railway for which the loan is required shall have been opened for traffic. The

Government of India would expect the Government of Madras to satisfy itself, before granting any such loan, that the District Board concerned will in all reasonable probability be in a position to repay it in regular instalments. The interest to be charged in all cases would be 4 per cent.

5. I am to inquire whether these suggestions commend themselves to His Excellency the Governor in Council, and, if so, to say that the Government of India will be prepared to receive definite proposals for expending the Madras Provincial Loan Account.

No. 1065R., dated Calcutta, the 27th July 1904.

Memo. by—C. H. DeMello, Esq., Offg. Under-Secretary to the Government of Bengal, Public Works Department.

Copy of letter No. 91R.P., dated the 2nd July 1904, from the Government of India, Public Works Department, on the subject of the grant of loans to District Boards for the purpose of constructing railways, forwarded to the Commissioners of Divisions and the Financial Department of this Government for information.

B. S. Press.—3332C—200—17-8-1904—T. N. R

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FROM

P. B. WARBURTON, Esq., I. C. S.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

L. B. 240 - 10 - 4

The Dewan of Mysore.

Dated Bangalore, 6th April 191.

SIR,

In continuation of this office letter No. 1827, dated the 24th March 1911, I am directed to forward herewith, for information a copy of letter No. 440 L. Misc. dated the 29th March 1911 (with enclosures) from the Govern-ment of Madras, regarding the levy of railway cess by District Boards in the Madras Presidency.

I have the honour to be,
Sir,
Your most obedient servant,

P B Warburton

First Assistant Resident.

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Enc: to 263 240-40/4

6

Letter No.440-L.Mis., dated the 29th March 1911, from the Ag. Secretary to the Government of Madras, Local and Municipal Department, to the Hon'ble the Resident in Mysore.

With reference to your letter No.1283, dated 28th February 1911, requesting that the Mysore Durbar may be supplied with certain papers relating to railways in this Presidency, I am to reply as follows:-

2. Papers relating to the levy of railway cess by district boards in British India. - Under Sections 57 (ii) and 58 of the Madras Local Boards Act, 1884, of which I enclose copies, a tax not exceeding three pies in the rupee on the --- annual rent value of all occupied lands may be levied by the District Board for utilization on the construction of tramways or rail roads. This provision was inserted in 1900 by the Select Committee, to which a Bill to amend that enactment was referred, for the reasons given in the accompanying extract from their report.

3. The present rules about the working of such railways and particularly the railways in the Madras Presidency.-The only railways which have at present been constructed by the District Boards in this Presidency are

(i) the Mayavaram-Mutupet-Avadaiyarkoil railway in the Tanjore District, and

(ii) the Bezwada-Masulipatam railway in the Kistna District.

The agreements for the working of these railways will be found in G.O. No.601 Ry., dated 27th August 1897, and G.O. No.776 Ry., dated 2nd November 1909, copies of which Government Orders accompanying this letter. No rules have been framed

Encl to Lr 240-6/14 7

Extracts of sections 57(ii) and 58 of the Madras Local Boards Act, 1884:

57. The following are the taxes, tolls, and fees, which may be levied under this Act:--

(ii) A tax not exceeding three pies in the rupee on the annual rent value of all occupied lands to be utilized solely in the construction of tramways or rail roads.

58. The district board may, subject to the provisions contained in the last preceding section from time to time determine, with the approval of the Governor in Council, that any one or more of the said taxes and tolls shall be levied at rates not exceeding those specified in the last preceding section; Provided that the tax mentioned in clause (ii) of the aforesaid section shall not be levied unless the levy thereof is determined by a resolution of the district board supported by not less than three-fourths of the members present at a meeting specially convened in that behalf, such resolution being confirmed after a period of six months by a like majority at a like meeting.

Revenue 200—10/4 6

Extract of paragraph 25 of the report of the Select Committee to which the Bill to amend the Madras Local Boards Act was referred.

25. Under section 57 of the Act, the cess on land is leviable at a rate not exceeding two annas in the rupee on the annual rent value of all occupied lands in the districts of Malabar, South Canara, and the Nilgiris, and not exceeding one anna in the rupee on the annual rent value of such lands elsewhere. From the year 1880 the District Board of Tanjore has been reserving a fourth of the collections under this tax, i.e. three pies in the rupee on the annual rent value of land, for the purpose of guaranteeing the re-payment, with interest, of the loans which might be raised for the construction of branch railways or tramways in substitution for road communications, as owing to the special character of the soil of the district and the peculiar conformation of its surface, the construction of roads and their maintenance in an efficient condition are very difficult and expensive, while, on the other hand, there are peculiar facilities for the cheap construction of railways and tramways. A portion of the funds thus reserved has been utilized on the construction of a railway line from Mayavaram to Muttupet, and the District Board has derived a net annual profit of 3.9, 4.05, 4.5 and 3.3 per cent., respectively, on the capital outlay during the four years ending with 31st December 1898. There are many other districts in this Presidency, such as Godavari, Kistna, parts of Madura, Malabar and Tinnevelly, which are in much the same state as Tanjore, as regards difficulties in road-making and facilities for the construction of railways and tramways, but the reservation for this purpose, of a portion of the land-cess as in Tanjore, would probably land the Boards in financial difficulties.

We

We have therefore proposed to amend sections 57 and 58 of the Act so as to authorize the raising of the tax on the annual rent-value of land by three pies on the rupee, subject, however, to the conditions that this additional cess shall be expended solely on railways or tramways, and that its levy shall be sanctioned by Government only on a resolution agreed to by not less than three-fourths of the members of the District Board, present at a meeting specially convened to consider the proposal, such resolution being ratified six months later by another resolution of the District Board, also similarly passed.

RAILWAY.

Government of Madras.

PUBLIC WORKS.

Recd. — *Enclosures*

1897.

Regd. — *Spare copies*

G.O., No. 601 R., 27th August 1897.

AUGUST.

Agreement for working the Mayavaram-Mutupet Railway

Government of India letter approving and confirming the — entered into on behalf of the Secretary of State with the South Indian Railway Company, communicated to the Agent of that railway.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

From the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, to the Secretary to the Government of India, Public Works Department, Simla, dated Ootacamund, the 24th July 1897, No. 498 R.

With reference to your letter No. 983 R.T., dated the 29th December 1896, I am directed to enclose, for favour of formal confirmation, a copy of the agreement which has been entered into on behalf of the Secretary of State with the South Indian Railway Company for working the Máyavaram-Mutupet Railway.

For giving effect to the provision of clause 12 of the agreement, correspondence is proceeding between the Consulting Engineer, Madras, and the Railway Company's Agent in regard to the schedule of capital expenditure at Máyavaram and Tiruvallur junctions. The result shall in due course be communicated to you.

ENCLOSURE.

THIS INDENTURE, made the twenty-second day of July 1897, between the Secretary of State in Council of India of the one part, and the South Indian Railway Company Limited of the other part, WHEREAS under the provision contained in clause 10 of an Indenture dated the 24th day of November 1890 and made between the Secretary of State in Council of India of the one part and the South Indian Railway Company Limited of the other part, the Secretary of State in Council of India has called upon the said Company to work the line of Railway between Máyavaram and Mutupet. NOW THIS INDENTURE WITNESSETH and it is hereby agreed and declared as follows:—

Definition clause.

1. In this agreement, unless there is something repugnant thereto in the subject or context, the following words and expressions shall have the following meanings:—

The Secretary of State.

"The Secretary of State" means the Secretary of State in Council of India.

The Company.

"The Company" means the South Indian Railway Company Limited.

The Mayavaram-Mutupet Railway.

"The Máyavaram-Mutupet Railway" means the line of Railway extending from Máyavaram on the South Indian Railway to Mutupet.

The undertaking.

"The undertaking" means the South Indian Railway, purchased by the Secretary of State, and includes any other Railways or parts of Railways handed over to or left in the possession of the Company on the 1st day of January 1891, or which may have been or may be handed over to or left in the possession of the Company after the aforesaid date, in accordance with the provisions contained in the hereinbefore mentioned contract dated the 24th day of November 1890, and made between the Secretary of State of the one part and the Company of the other part.

Gross receipts.

"Gross receipts" means and includes all receipts from Coaching and Merchandize traffic, and from the carriage of mails, and the use of the telegraphs, and all other sums received in respect of rents and tolls on bridges, and from all other sources the receipts from which are generally treated as revenue on Indian Railways.

"Capital expenditure" means and includes the cost of New Works, plant and machinery, and of substantial improvements of, and additions to, old works, permanent way, plant and machinery, including the cost of any temporary New Work the construction of which is requisite for the construction of a work properly chargeable to Capital. Provided nevertheless that any item of expenditure properly chargeable to Capital in accordance with this principle shall from time to time, if not exceeding Rs. 1,000, be classed as a "Minor Work" and be charged to Revenue expenditure within a maximum amount in each half-year of Rs. 15 per open mile of Railway, and provided that if at any time the old rails and fastenings orginally laid be replaced by new rails and fastenings the difference in cost between such old and new material shall be borne by Capital, and provided also that no portion of the salaries or allowances of any of the Company's permanent supervising or other administrative Staff although employed for the time being partly or wholly in directing or superintending work chargeable to Capital shall, except with the express sanction of the Secretary of State, be charged to Capital, and that no expenses connected with the engagement or passage from or to England of any person in the Service of the Company shall be charged to Capital unless such person shall have been specially engaged to carry out work chargeable to Capital, and been actually employed upon such work. Capital expenditure.

"Revenue expenditure" means and includes the same percentage of the gross receipts of the Máyavaram-Mutupet Railway as that of the gross receipts of the undertaking which the Company shall expend in accordance with its rules in force from time to time on working and maintaining the whole of the undertaking, including any lines which the Company work and maintain from time to time with the addition of the costs of making good any damage affecting the said Máyavaram-Mutupet Railway due to any extraordinary casualty, or otherwise as provided for in clause 2 of this agreement, and also the payment for the use of the Company's rolling-stock of a sum of 5 per cent. upon the gross receipts of the Máyavaram-Mutupet Railway for each half-year as provided for in clause 3 hereof, and with the addition also of all sums to be charged or debited to the Máyavaram-Mutupet Railway on account of the Capital expenditure by the Company at the joint stations as provided for in clause 12 hereof. Revenue expenditure.

"Working expenses" means and includes the expenses incurred by the Secretary of State, or by the Company with the sanction of the Secretary of State in or about or in connection with the management, maintenance and working of the undertaking and Railways worked and maintained by the Company, with the exception of the costs of making good any damage affecting the Máyavaram-Mutupet Railway due to any extraordinary casualty, or otherwise as provided for in clause 2 hereof, and also the payment for the use of the Company's rolling-stock as provided for in clause 3 hereof, and excluding also all sums to be charged or debited to the Máyavaram-Mutupet Railway on account of the Capital expenditure by the Company at the joint stations as provided for in clause 12 hereof. Working expenses.

"South Indian Railway through traffic" means all traffic of the South Indian Railway between places on the South Indian Railway on either side of Máyavaram or Tiruvallur and therefore only passing through one of those stations. Through traffic, South Indian Railway.

"Máyavaram-Mutupet Railway through traffic" means all traffic of the Máyavaram-Mutupet Railway between places on the Máyavaram-Mutupet Railway on either side of Tiruvallur and therefore only passing through that station. Through traffic, Máyavaram-Mutupet Railway.

"Cross traffic" means all traffic passing over the Máyavaram-Mutupet Railway but not originating or terminating on that line. Cross traffic.

"Interchanged traffic" as regards Máyavaram junction, means all traffic booked or invoiced between stations other than Máyavaram on the South Indian Railway and other than Máyavaram on the Máyavaram-Mutupet Railway, and as regards Tiruvallur, all traffic booked or invoiced between stations other than Tiruvallur on the South Indian Railway and other than Tiruvallur on the Máyavaram-Mutupet Railway. Interchanged traffic.

"South Indian Railway local traffic" means all traffic booked or invoiced between Máyavaram or Tiruvallur and any station on the South Indian Railway. Local traffic, South Indian Railway.

"Máyavaram-Mutupet Railway local traffic" means all traffic booked or invoiced between Máyavaram or Tiruvallur and any station on the Máyavaram-Mutupet Railway. Local Traffic, Máyavaram-Mutupet Railway.

2. On and from the 2nd April 1894, the date on which the Máyavaram-Mutupet Railway was opened by the Company for public traffic, the Company shall be deemed to have maintained and shall maintain such Railway in good repair and in good working order and condition—Provided always that the costs and expenses of such maintenance shall be borne by the Company so far only as such maintenance shall have been or be necessary to make good damage caused by the ordinary wear and tear incident to the use and working of the said Railway and the works in connection with the same by the Company, and the conveyance of traffic thereon by the Company and not further or otherwise, and the Company shall not bear nor be put to any cost or expense for, or in respect of, any repair, restoration, renewal or replacement necessary to make good any damage that may have occurred to the said Railway and works or any portion thereof, which may have been or be due to extraordinary casualty affecting the said Railway and works, or to any cause other than the ordinary wear and tear of a Railway incident to the use and working thereof and the conveyance of traffic thereon, and to the occurrence of which the Company shall not have in any way contributed by any act, neglect or default of their own. Maintenance.

Rolling stock.

3. The Company further undertake to provide sufficient rolling stock for the movement of traffic over the Máyavaram-Mutupet Railway in consideration of the payment of a sum of 5 per cent. upon the gross receipts of the Máyavaram-Mutupet Railway for each half-year.

Rates and fares.

4. The Company shall charge such rates and fares for the carriage of passengers and goods over any portion of the Máyavaram-Mutupet Railway as shall from time to time be agreed upon between the Company and the Secretary of State, such rates and fares not being greater than the maximum rates and fares, nor less than the minimum rates and fares, for the time being respectively in force on the undertaking.

Revenue accounts.

5. The Company shall keep, in rupee currency, a distinct and separate account of the gross receipts derived from the working of the Máyavaram-Mutupet Railway—Such account shall be made up half-yearly to the 30th day of June, and the 31st day of December in each year, and shall be regularly submitted by the Company to the Secretary of State who may audit the same and correct any error which may be discovered therein. The Company shall also within three calendar months after each of the said half-yearly days, render to the Secretary of State a summary of the said account for the half-year ending on such half-yearly day.

Payment of gross receipts into treasury.

6. The said gross receipts shall, at such times and in such manner as the Secretary of State may from time to time direct, be paid without deduction into any such Treasury of the Government of India as the Secretary of State may approve. The Revenue expenditure shall be adjusted on the monthly accounts of the Máyavaram-Mutupet Railway in accordance with the results of each month's working and a final adjustment made at the end of each half-year to bring it into accord with the result of that half-year's working.

Company to execute new capital works.

7. The Company shall execute such new works as are chargeable to Capital expenditure in accordance with the provisions contained in clause 1 hereof and as may from time to time be necessary, after having first obtained the sanction of the Secretary of State for so doing and the cost of all such works shall be borne by the Secretary of State in accordance with the last mentioned provisions as to Capital expenditure.

Police.

8. The Secretary of State shall provide and maintain such a Police force as the Company with the approval of the Secretary of State shall from time to time require. The cost of providing and maintaining this force shall be defrayed in the following manner; that is to say, three-tenths shall be borne by the Secretary of State and the remaining seven-tenths shall be included in working expenses.

Telegraphs.

9. The Company shall arrange with the Secretary of State or otherwise for the supply and maintenance of the requisite telegraphs, and the costs of the supply of such telegraphs shall be borne by the Secretary of State, and all payments on account of the rental and maintenance thereof shall be chargeable to working expenses; and the necessary equipment of the telegraph offices at stations together with any additions thereto which may from time to time be found necessary shall be provided, furnished and equipped by the Company at the expense of the Secretary of State.

Land.

10. The Secretary of State shall provide free of cost for the Company any land that may at any time be required for the purposes of the Máyavaram-Mutupet Railway.

Books, records and periodical returns.

11. The Company shall record and keep in proper books full and particular accounts of all its transactions and correspondence in any way relating to or affecting the Máyavaram-Mutupet Railway or the business thereof, or any of the matters, or things, included or referred to in this agreement, so as at all times to exhibit fully and truly the state of its affairs in relation thereto in the same manner as prescribed in the aforesaid contract of the 24th day of November 1890, and made between the Secretary of State and the Company.

The Company shall for the above purposes maintain a separate journal and ledger, and shall also furnish all the returns required by Government including the following, viz. :—

Weekly—

(*a*) Approximate statements of traffic.
(*b*) Audited statements of traffic.

Monthly—

(*c*) Capital Accounts.
(*d*) Return of grants, receipts and expenditure.

Half-yearly—

(*e*) Capital and revenue accounts for the half-year.

Yearly—

(*f*) Six months' estimates.
(*g*) Revised and budget estimates, capital.
(*h*) Revised and budget estimates, revenue.
(*i*) Finance accounts, capital and revenue.

12. The Máyavaram-Mutupet Railway shall be debited with an annual rental or charge of 4½ per cent. per annum upon the total amount of all capital outlay expended by the Company upon buildings, sidings, permanent way, and other works solely used by the said Máyavaram-Mutupet Railway at the joint stations at Máyavaram and Tiruvallur. Interest on Company's Capital outlay at joint stations.

There shall also be an annual rental or charge of 4½ per cent. per annum upon the total amount of all capital outlay expended by the Company upon buildings, sidings, permanent way, and other works jointly used by the Company and the Máyavaram-Mutupet Railway at the aforesaid joint stations at Máyavaram and Tiruvallur; and the same shall be distributed and debited as follows:—viz., one-fifth of the said rental or charge shall be treated as the proportion to be borne by the Company in consideration of the South Indian Railway through traffic and one-tenth shall be debited to the Máyavaram-Mutupet Railway in consideration of the Máyavaram-Mutupet Railway through traffic at Tiruvallur, and of the remainder of the said rental or charge there shall be debited to the Máyavaram-Mutupet Railway a share proportional to the weight which its traffic (cross, local and interchanged) bears to the total weight of traffic (cross, local and interchanged) of the said joint stations and the residue shall be treated as the proportion to be borne by the Company in respect of its traffic other than through traffic.

13. If the Secretary of State and the Company shall fail to agree touching any matter with respect to which their agreement is required by this contract, or if in any case not herein specially provided for any dispute, question, or contraversy shall at any time arise between the Secretary of State and the Company touching these presents or any section or thing herein contained, or the construction hereof, or any matter connected with these presents or the operation hereof, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter as to which the Secretary of State and the Company shall fail to agree, or the matter in difference, as the case may be, shall be referred to two arbitrators, one to be appointed by each party, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Arbitration Act, 1889, or any subsisting statutory modification thereof. Arbitration.

14. This contract shall remain in force until either party gives to the other twelve months' previous notice of their intention to terminate the same, such notice to expire on the 31st day of December in any year. Termination of contract.

In witness whereof Francis Joseph Edward Spring, acting for and on behalf of the Secretary of State in Council of India, and Archibald Douglas Graham Shelley, as agent in India for and on behalf of the South Indian Railway Company, Limited, have hereunto set their respective hands and seals the day and year first above written.

Signed, sealed and delivered by the abovenamed Francis Joseph Edward Spring. — F. J. E. SPRING, Offg. Joint Secy., P.W.D., Madras.

Signed, sealed and delivered by the abovenamed Francis Joseph Edward Spring, acting for and on behalf of the Secretary of State in Council of India in the presence of Edmund Augustus Waller. — *Witness.* E. A. WALLER, Exr., Guaranteed Ry. Accts., Madras.

Signed, sealed and delivered by the abovenamed Archibald Douglas Graham Shelley. — A. D. G. SHELLEY, Capt., R.E., Agent, South Indian Railway Company, Ld.

Signed, sealed and delivered by the abovenamed Archibald Douglas Graham Shelley, acting for and on behalf of the South Indian Railway Company, Limited, in the presence of Herbert Dent Johnston, Resident Engineer, South Indian Railway. — *Witness.* H. D. JOHNSTON.

From the Under Secretary to the Government of India, Public Works Department (Railway Traffic), to the Officiating Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Simla, the 17th August 1897, No. 643 R.T.

With reference to your letter No. 498 R., dated the 24th July 1897, forwarding a copy of the agreement entered into on behalf of the Secretary of State with the South Indian Railway Company for working the Máyavaram-Mutupet Railway, I am directed to state that the Government of India are pleased to approve and confirm the said agreement, a copy of which will now be transmitted to the Secretary of State.

ORDER—No. 601 R., dated 27th August 1897.

Communicated to the Agent, South Indian Railway.

(True Extract.)

(Signed) F. J. E. SPRING,
Offg. Joint Secy. to Govt.,
Railway Branch.

To the Agent South Indian Railway.
" Examiner, Guaranteed Railway Accounts.
" Local and Municipal Department.
" Financial Department.

Exd. S. J. Pereira.

Government of Madras.

PUBLIC WORKS DEPARTMENT.

RAILWAY.

Regd. } 1909. *Enclosures*

Recd. } *Spare copies*

G.O., No. 776 Ry., 2nd November 1909

Agreement for working the Bezwada-Masulipatam Railway

Recording letter from the Agent, Madras and Southern Mahratta Railway, forwarding copies of the — as finally executed.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

RAILWAY.

READ—the following papers:—

I

G.O., No. 586 Ry., dated 27th August 1909.

ABSTRACT.—Recording a Memorandum from the Railway Board forwarding copy of their letter to the Agent, Madras and Southern Mahratta Railway, communicating the sanction of the Government of India to the draft agreement for working the Bezwada-Masulipatam Railway having effect from 4th February 1908.

II

Letter—from A. R. ANDERSON, Esq., Agent, Madras and Southern Mahratta Railway Company.
To—the Secretary to Government, Public Works Department (Railway).
Dated—the 25th October 1909.
No.—442/366-W. 25193.

With reference to your letter No. 731 Ry., dated the 14th instant, I have the honour to forward herewith four copies of the agreement entered into between the District Board, Kistna, and the Madras and Southern Mahratta Railway Company, for working the Bezwada-Masulipatam Railway, as finally executed.

ENCLOSURE.

Memorandum of agreement between the District Board, Kistna, and the Madras and Southern Mahratta Railway Company, Limited (hereinafter called the Company), for working the Bezwada-Masulipatam Branch Railway (hereinafter called the Branch), *i.e.*, the Branch Railway running from Bezwada Station on the Madras and Southern Mahratta Railway to Masulipatam and Bunder.

1. This agreement shall be subject to the approval of the Government of Madras, the Board of the Madras and Southern Mahratta Railway Company, as also of the Railway Board.

2. *Term.*—It shall come into force from the 4th February 1908, the date of opening of the Branch, subject to the following condition:—

Government reserves the right to purchase the Branch at the expiry of thirty years, or at subsequent periods of ten years, on twelve months' notice, at a price twenty-five times the yearly average net earnings, excluding rebate payments, of three years preceding purchase, with a maximum price of 120, and a minimum of 100 per cent. of cost price on a rupee basis.

3. *Working.*—The working of the Branch shall be done by the Company, who shall provide all the engines, carriages, wagons, sheets and other appliances for the equipment of trains and the whole of the staff, materials, stores, etc., required for working and maintaining the Branch. The Company shall have entire control of the train and traffic arrangements and be responsible for the collection of all revenue earnings pertaining to the Branch.

4. *Junction.*—The Company shall work the Junction Station at Bezwada free of charge, and provide all sidings, buildings, etc., required for the junction within station limits.

5. *Alterations, improvements and additions.*—All new works shall be carried out by the Company on estimates first approved of by the District Board, a charge of 10 per cent. on the total cost of such works being made on account of supervision, in addition to a charge of 10 per cent. on the value of stores issued from stock and used on the works. Works, the cost of which

exceeds Rs. 1,000 each, shall be debited to Capital, the required funds being provided by the District Board before the works are started. Works costing not more than Rs. 1,000 each shall be charged to Revenue, *i.e.*, be met from the net receipts of the Branch as indicated in clause 10.

6. *Telegraph.*—The construction of any necessary telegraph lines shall be arranged for by the Company with Government and the rental on the Capital cost thereof shall be paid by the Company.

7. *Police.*—The Company shall maintain for the purposes of the Branch such a Police Force as may be considered necessary under the orders of the Government of Madras.

8. *Rates and Fares.*—The Company shall adopt a similar classification to that in force on the Madras and Southern Mahratta Railway and shall charge generally such rates, fares and terminals as are within the schedule of maxima and minima rates sanctioned by Government from time to time for that line and shall make such rules, conditions and arrangements in respect of the traffic on the Branch as are now, or shall be from time to time, in force on the Madras and Southern Mahratta Railway.

9. *Accounts.*—The Company shall maintain for the Branch Accounts similar to those given for other Branches, such as the Kolhapur State Railway, Birur-Shimoga Railway, etc., and copies shall be sent to the District Board as required.

10. *Payment to the Company.*—For the services as above detailed the Company shall receive half-yearly 45 per cent. of the gross earnings of the Branch, the balance, after meeting the cost of new minor works referred to in clause 5, being handed over to the District Board. These payments shall be made on the accounts being passed by Government.

11. *Inventory.*—An inventory of the Branch and of the works, plant and machinery connected therewith as well as any supplements to such inventory as may from time to time be necessary, shall be made, signed and delivered by the Company to the District Board.

12. *Rebate.*—If at the end of any calendar year during the continuance of this agreement the payments received by the District Board under clause 10 should be insufficient to make up a sum equal to $3\frac{1}{2}$ per cent. per annum on the actual expenditure of the Branch as charged in its Capital account then shall the Company pay by way of rebate such a sum not exceeding in any year 10 per cent. of the share attributable to the Company's Railway system of the gross earnings from traffic, except stores, interchanged between the Company's railway system and the Branch, as shall, together with the net earnings of the Branch for such year make up an amount equal to interest for the year at the rate of $3\frac{1}{2}$ per cent. on the actual expenditure charged in its Capital account. The moneys to be paid under this clause shall be calculated at the close of each year, but moneys may be paid at the close of the first half of each year on account, and subject to adjustment at the close of the year.

13. *Arbitration.*—In the event of any difference of opinion arising upon any of the terms of this agreement between the District Board and the Company, the matter shall be either decided by arbitration or referred to the Railway Board, whose decision shall be final and binding on both parties.

Signed, sealed and delivered by

E. Scott,
President, District Board, Kistna.

In the presence of

Bodapati Narasimha Rao,
Provident Fund Clerk, District Board Office.

L. R. Anderson,
, M. & S. M. Railway.

In the presence of

Kesavarao Nayudu,
Assistant Secretary.

P. Ashworth, Lt. Col., R. E.,
Secretary to the Govt. of Madras, P.W.D., Rys.

Order—No. 776 Ry., dated 2nd November 1909.

Recorded.

(True Extract.)

P. Ashworth, Lt.-Col., R.E.,
Secretary to Government.

Copy to the Local and Municipal Department.

Vol: 1672

IV

No. 2163
2—1

Secy 10-4-11 pm

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12

FROM

P. B. WARBURTON, Esq., I. C. S.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

Lr No. 240-10
ST

The Dewan of Mysore.

Dated Bangalore, 10th April 1911.

SIR,

In continuation of this office letter No. 1827, dated the 24th March 1911, I am directed to state that there are no railways maintained by District Boards in Eastern Bengal and Assam nor is any railway cess levied by such bodies Section 80 of the Bengal Local Self Government Act, III of 1885, of which an extract is enclosed, authorizes District Boards, with the sanction of the Lieutenant Governor, to construct and maintain railways, but that authority has not yet been exercised in that province.

I have the honour to be,

Sir,

Your most obedient servant.

P B Warburton

First Assistant Resident.

13

Sections 40-10

80.- It shall be lawful for a District Board, with the sanction of the Lieutenant-Governor, either singly or in combination with any municipal authority or any other local authority, to construct and maintain within, or partly within and partly without, its own district, a railway or tramway under the provisions of any law for governing the construction of railways or tramways for the time being in force in Bengal, and to do all lawful acts which may be necessary in that behalf.

District Board may construct and maintain railways or tramways.

[B. C. Act III of 1883 relates to the construction of tramways in Bengal.

By section 3 of the Tramways Act, the District Board cannot apply for such sanction, until a resolution approving of such application has been passed at a special meeting of which a month's previous notice has been given, and at which two-thirds of the members of the Board must have attended and voted.

The seventh clause of section 53 authorizes the application of the District Fund to the purposes of this section.]

20/3/11.

G.R.S. 26]

14 240/10
File No.
Serial No. 6

Diary No. of letter replied to 6403

Pol No. 917 & 13.4.11

General and Revenue Secretariat
(L&S)
, *the* 19 .

To
The First Assistant
to the Hon'ble the
Resident in Mysore

Date of issue 13-4-11

Signed by C.J. Balasundaram Lyr

Sir,

I am directed to acknowledge the receipt of the papers regarding the levy of railway cess by the Boards in British India forwarded by you with letters No. 1827

over.

SUBJECT.

2135 dated 24th Mar
6th April 1911 respecting
and to convey the
thanks of the Bureau
for the trouble taken
in obtaining the information

I have &c

for Secy

DL 69
10/4/11

List of enclosures,
nil
9/12/11

Copied by

Examined by

12/4/11

GPB—20,000—26-9-10